

FY2010-11 Fund Estimate

MTC Resolution No. 3939



Programming and
Allocations Committee
February 10, 2010

METROPOLITAN TRANSPORTATION COMMISSION

FY2010-11 Fund Estimate Overview

- State law requires MTC to complete a Fund Estimate by March 1st of each year
- Provides estimate and apportionment of TDA as required by California Code of Regulations
- Assists claimants in budgeting
- TDA estimates provided by County Auditors
- TDA is Approx. 20% of transit operating budgets

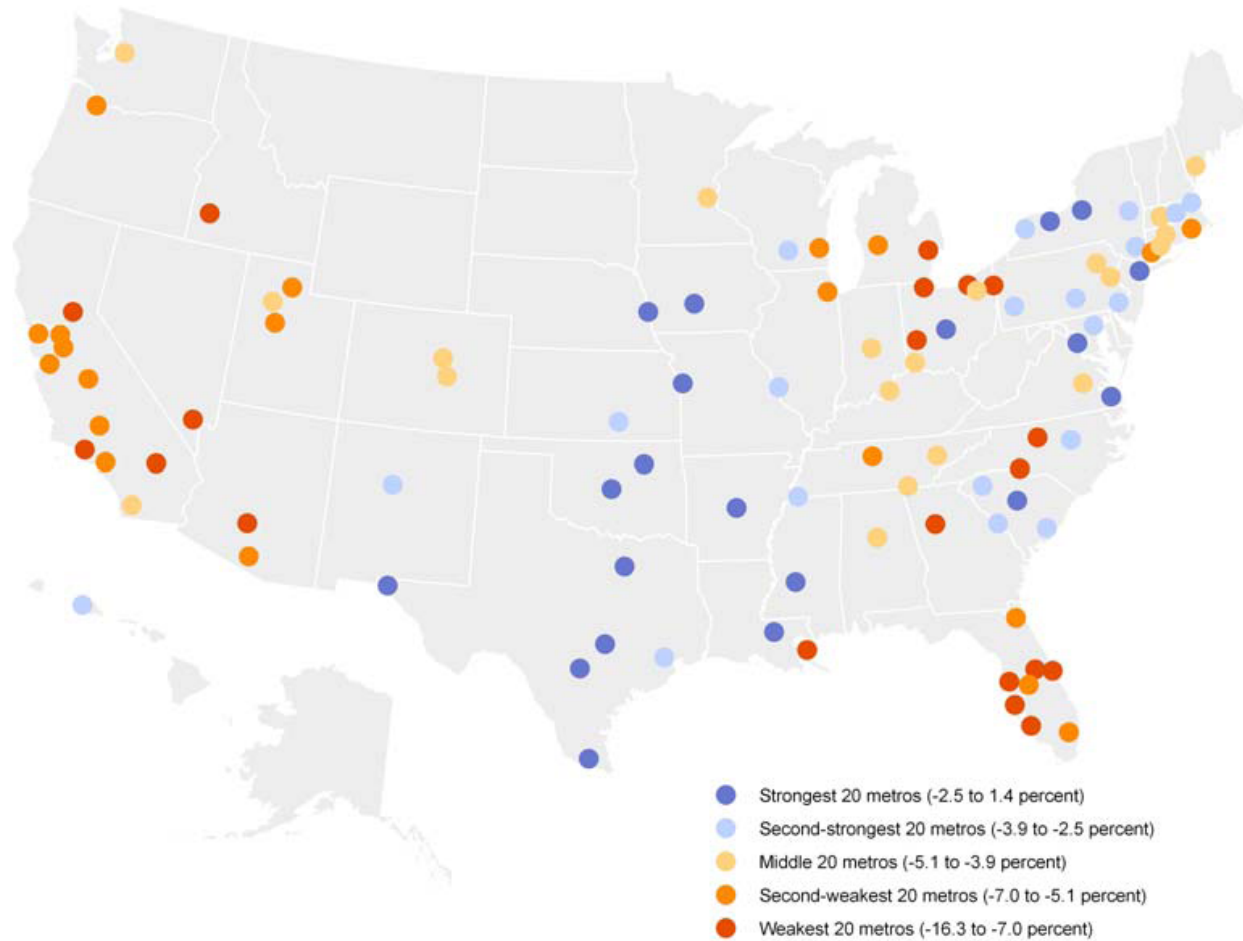
FY2010-11 Fund Estimate Overview

- Total Revenues Estimated for FY 2010-11 - \$297 Million
- Funds Included in the Estimate:
 - **TDA** – $\frac{1}{4}$ cent sales tax in each county (\$245)
 - **STA** – Sales tax on diesel and a portion of the gas tax (\$0)
 - **AB1107** – MTC administered portion (25%) of the $\frac{1}{2}$ cent sales tax in Alameda, Contra Costa, and San Francisco counties (\$52 million)

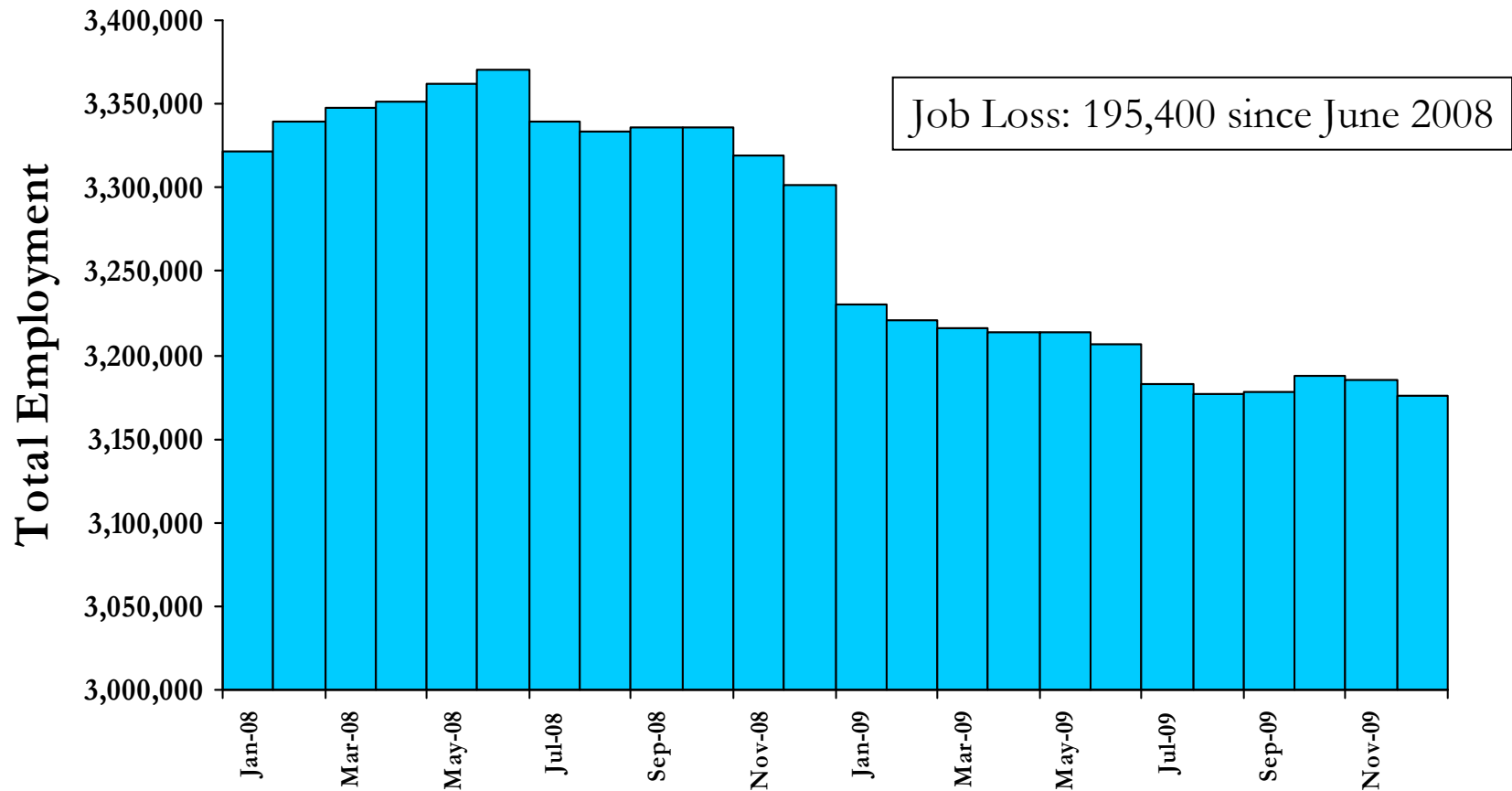
Projections on the Economy

- Stable economy throughout FY 2010 with some recovery in FY 2011
- Incomes are not expected to grow appreciably
- Slow improvement in unemployment
- Slow growth in retail sales

Bay Area Among the Weakest Metro Areas for Employment



Bay Area Experiences Steep Decline in Employment



Source: California Employment Development Department

Past Recession Experience

Comparison of TDA Average Annual Growth Trends in Economic Downturns

	Periods of Economic Recession (Peak to Trough Total Revenue Change)		Worst Single Year of Recession		Number of Years Until Return to Pre-Recession Revenue Level
	FY 2001-2003	FY 2007-2010	FY 2002	FY 2010	FY 2001-2003
Alameda	-12.5%	-24.3%	-8.1%	-13.0%	3 Years
Contra Costa	-2.8%	-18.8%	-2.7%	-18.6%	1 Year
Marin	-5.9%	-19.3%	-5.5%	-14.0%	2 Years
Napa	4.4%	-6.7%	-0.9%	-5.2%	<1 Year
San Francisco	-19.1%	-11.0%	-17.1%	-10.6%	4 Years
San Mateo	-19.1%	-14.3%	-13.9%	-10.8%	N/A
Santa Clara	-29.5%	-20.7%	-21.1%	-13.8%	N/A
Solano	13.9%	-12.5%	4.8%	-5.4%	<1 Year
Sonoma	-3.1%	-22.8%	-3.5%	-11.8%	1 Year
REGION TOTAL	-16.4%	-18.8%	-12.4%	-12.8%	4 Years

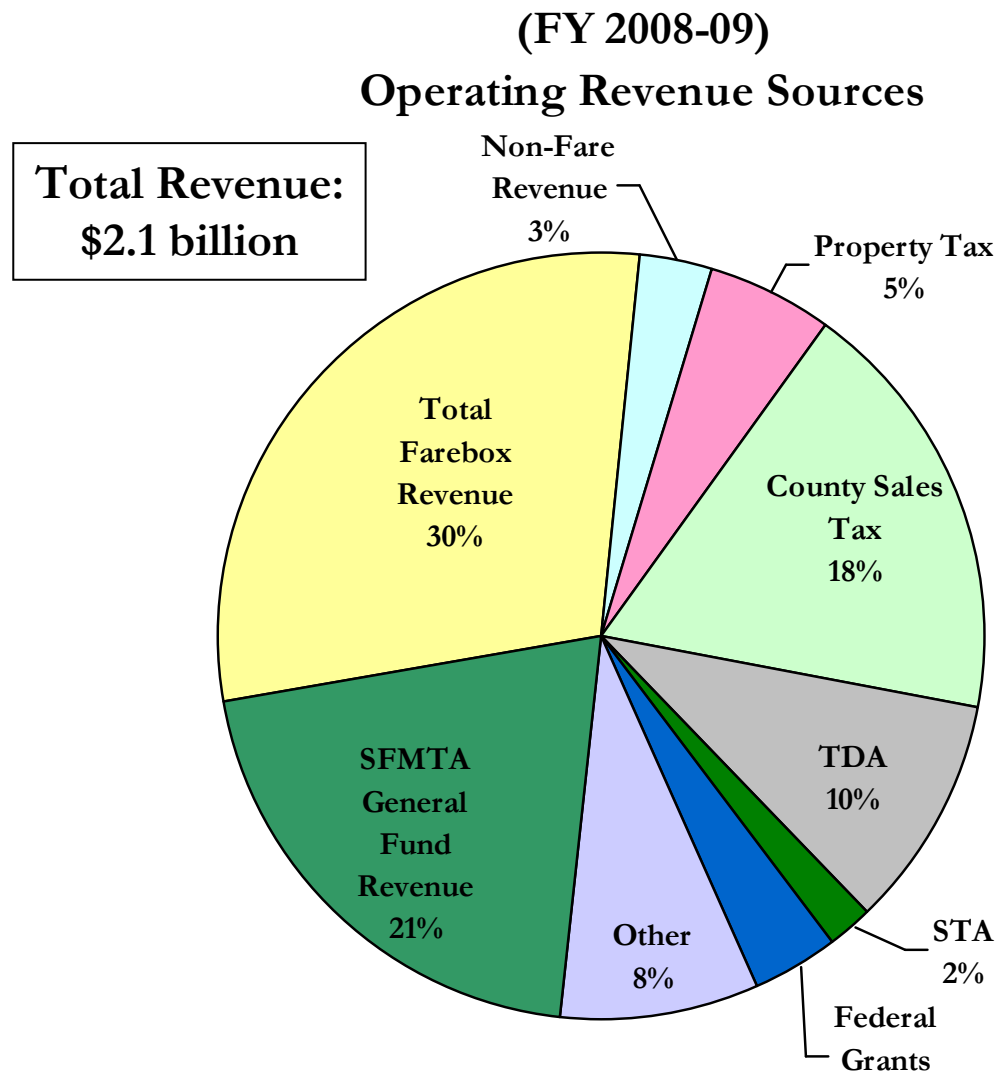
** FY 2010 Revenue reflects the revised county auditor TDA estimates .*

- Current recession more widespread; 2001 centered on Silicon Valley
- If County Auditors' estimates are correct, this recession will be worse than FY 2002

Transit Operator Context

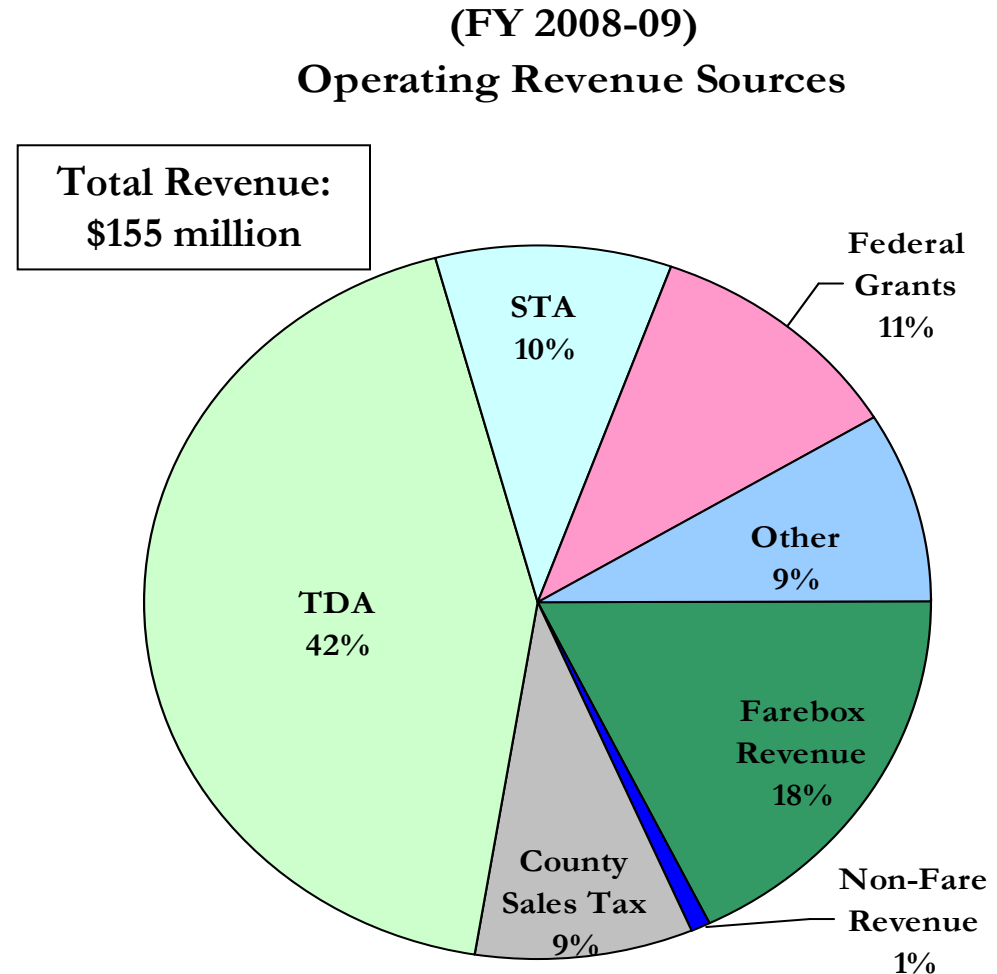
Large Operators

- For large transit operators, sales tax based revenues account for 28% of total operating revenue
 - Percentage varies by operator.
 - For example, VTA has 74% of their revenue based on sales tax



Small Operators

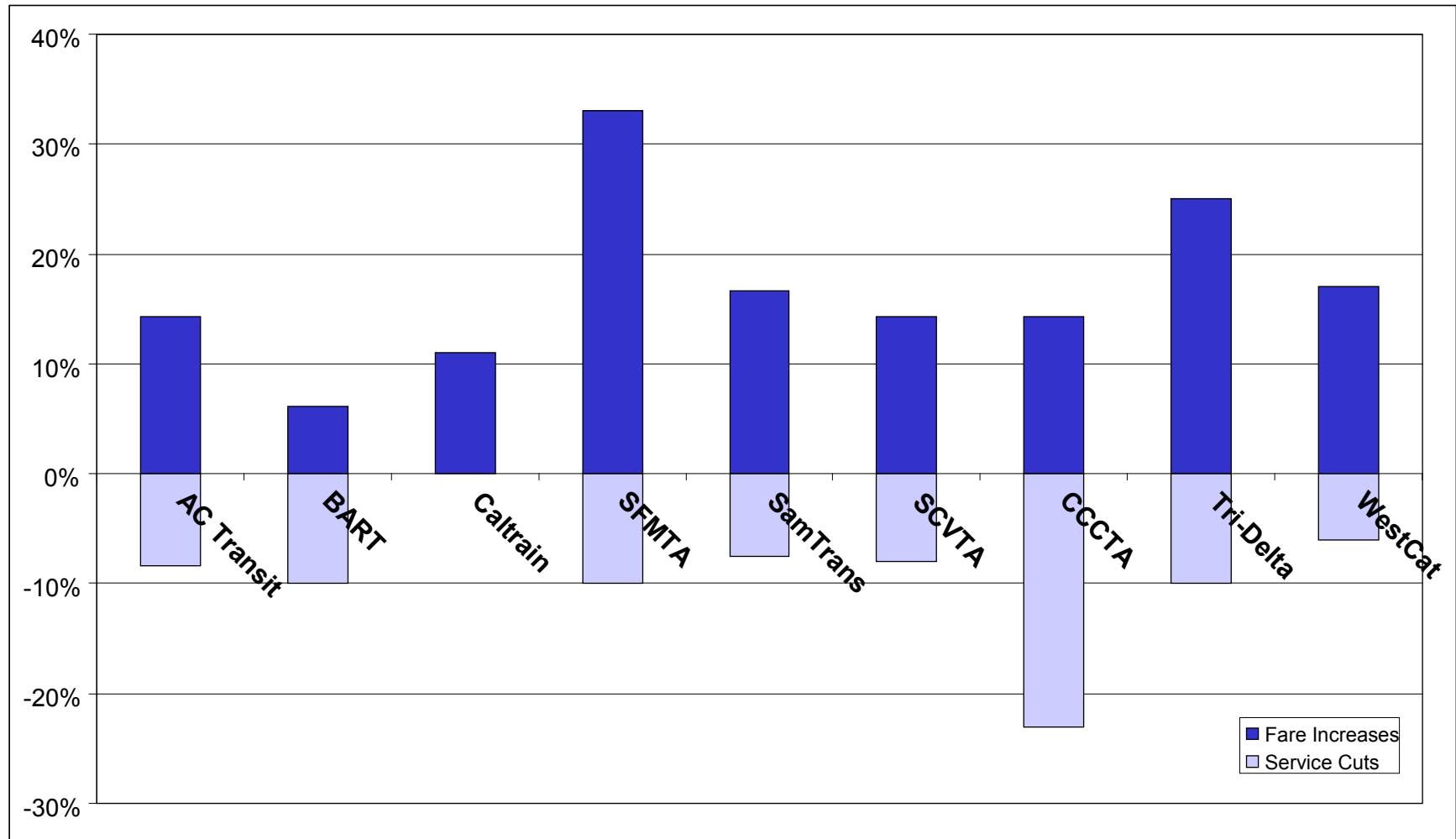
- On a percentage basis, sales tax revenue is significantly more important to the small operators, approximately 51% of operating revenue
- STA more significant historically, but the recent state elimination has reduced its relative share



Fare and Service Impacts

- On average the large transit operators in the region have raised fares 16% since mid-FY 2008-09
- Most operators have reduced service, ranging from 8% to 23%
- Total operating cost for large operators was \$2.3 billion, at the beginning of FY 2009-10. Projected deficit was \$270 million, or 12%

Fare and Service Impacts

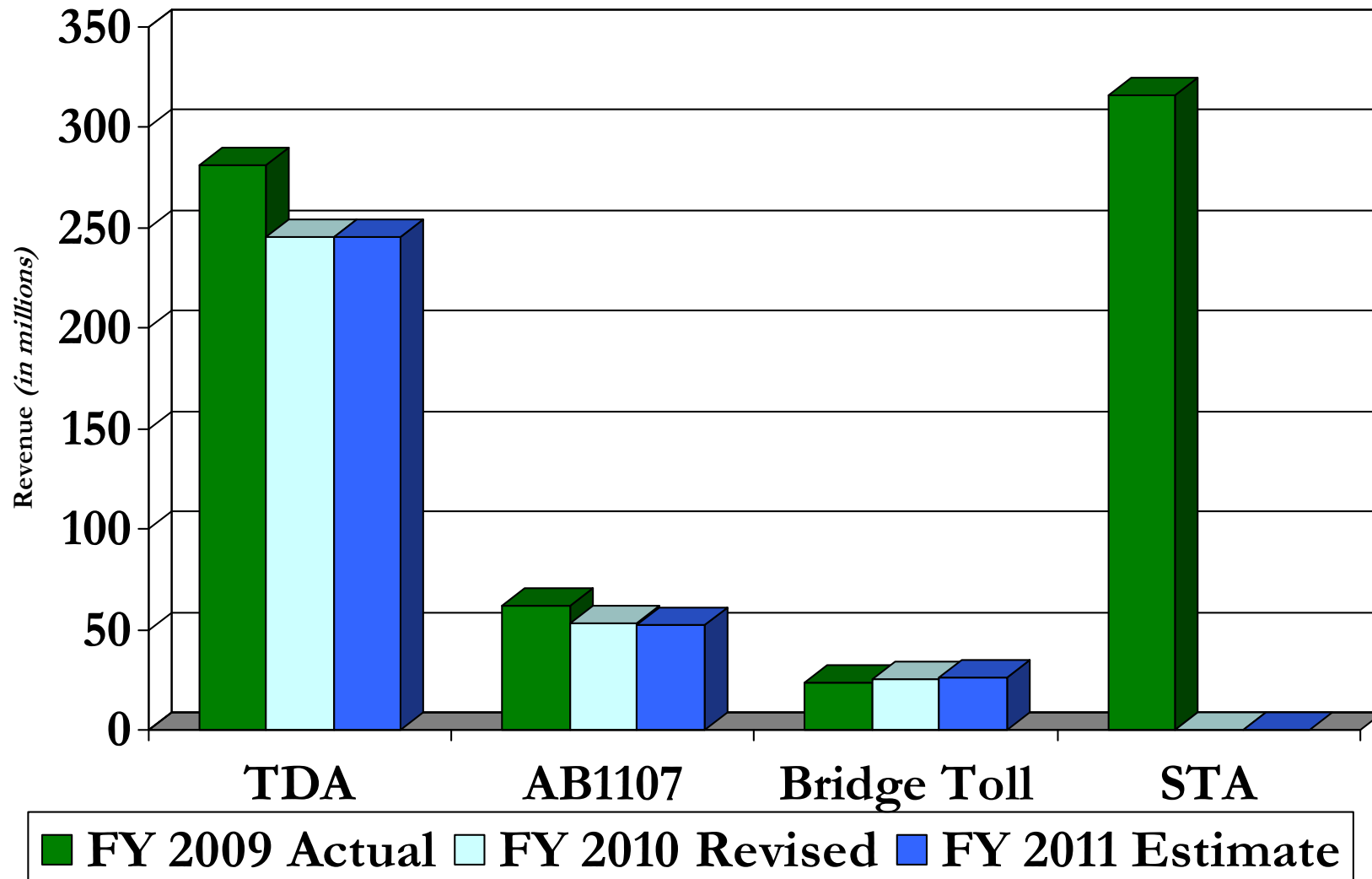


Regional Response

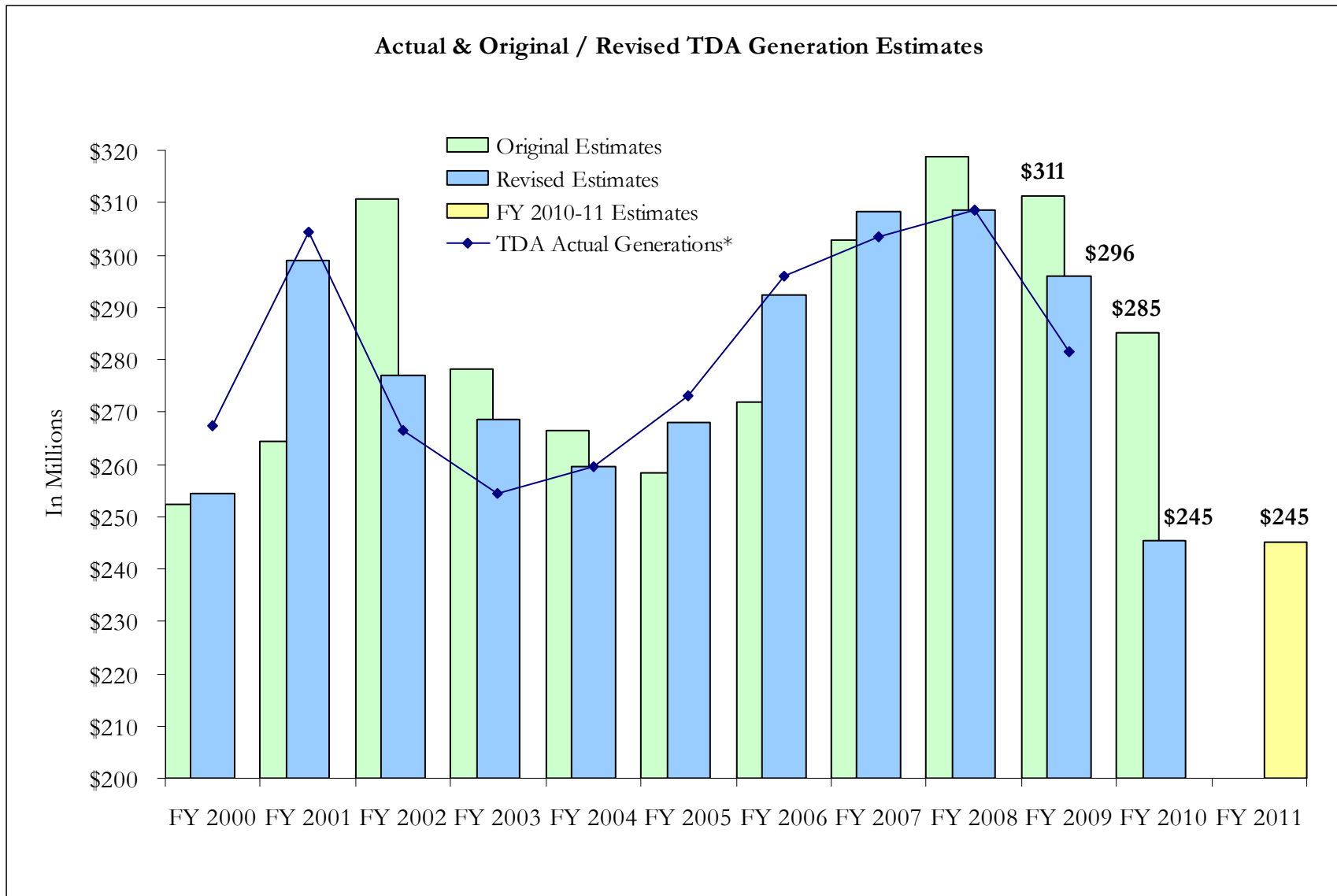
- MTC's near-term response:
 - ARRA \$285 million
 - FTA Formula Funds \$50 million
 - STA Population-Based funds \$13.3 million
 - Total \$348 million
- Transit Sustainability Project to identify longer-term strategies

Revenue Estimates

Three-Year Comparison of Revenue Generations



TDA Revenue Decline Expected



State Transit Assistance Issues

- FY 2009-10 was the first year of zero STA funding
- Governor is proposing to eliminate the STA program entirely by repealing the sales tax on gasoline
- This year's Fund Estimate contains only STA carryover of \$24 million FY 2010-11

Transit Coordination and Inter-Operator Agreements

- Lack of STA affects ability to carry out regional coordination activities and inter-operator agreements
- Example:
 - BART Feeder Bus / AC Transit Transfer Agreement facing a \$7 million deficit without STA funding

Revisions to Fund Estimate

- MTC prepares a year-end adjustment in July to reconcile FY 2010 estimates to actual revenue
- Excess funding is made available to claimants
- Rescissions conducted as needed
 - \$17 million projected in FY 2009-10 TDA rescissions

Projected Required TDA Rescissions

Claimant / Article	Rescission Amount
AC Transit	\$ (4,374,541)
BART	\$ (34,552)
LAVTA	\$ (14,478)
Pleasanton	\$ (47,909)
Union City	\$ (66,427)
NCTPA	\$ (43,993)
GGBHTD	\$ (2,104,908)
San Mateo Art. 3	\$ (40,503)
SamTrans	\$ (4,022,611)
VTa	\$ (6,197,605)
Suisun City	\$ (48,950)
Total TDA	\$ (16,996,476)